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No. 2006/061

December 29, 2006

TO COUNTY ASSESSORS:

ASSESSORS' HANDBOOK SECTION 581,
EQUIPMENT INDEX AND PERCENT GOOD FACTORS

CORRECTED CONSTRUCTION AND AGRICULTURAL EQUIPMENT
PERCENT GOOD FACTORS

Letter To Assessors 2006/050 distributed the annual revision of Assessors' Handbook Section 581, *Equipment Index and Percent Good Factors*, which contained several factor tables for valuation use on the 2007 lien date. The table for the Construction Mobile Equipment Percent Good Factors (Table 5) and the table for Agricultural Mobile Equipment Percent Good Factors (Table 6) both contain errors in the year acquired column. The years affected were 1991 and earlier years.

Enclosed are corrected tables for use for the 2007 lien date. Please remove pages 19-20 and 21-22 and insert the enclosed pages into your handbook. The corrected tables have been inserted into the January 2007 Assessors' Handbook Section 581 posted to the Board's Web site at <http://www.boe.ca.gov/proptaxes/prioryrs.htm>.

We apologize for any inconvenience this may have caused. If you have any questions regarding this matter, please contact Ms. Sherrie Kinkle at 916-322-2921 or at sherrie.kinkle@boe.ca.gov.

Sincerely,

/s/Dean R. Kinnee for

David J. Gau
Deputy Director
Property and Special Taxes Department

DJG:lf
Enclosures

TABLE 4: MACHINERY AND EQUIPMENT PERCENT GOOD FACTORS

INDIVIDUAL PROPERTIES--AVERAGE SERVICE LIFE
6.25% Rate of Return

Year	Acq'd	AGE	3	4	5	6	7	8	9	10	11	12	13	14	15	17	18	20	22	25	30	35	40	AGE	Year	Acq'd
2006	1	67	75	81	84	87	89	90	92	93	93	94	95	95	96	96	97	97	98	98	99	99	1	2006	2006	
2005	2	37	52	62	69	74	78	81	83	85	87	88	89	90	92	92	94	95	96	97	98	98	2	2005	2005	
2004	3	16	32	44	54	61	66	71	74	77	80	82	83	85	87	88	90	92	93	95	96	97	3	2004	2004	
2003	4	6	17	29	40	48	55	61	65	69	72	75	77	80	83	84	87	89	91	93	95	96	4	2003	2003	
2002	5	8	17	27	37	45	51	57	61	65	69	71	74	78	80	83	85	88	92	94	95	5	2002	2002		
2001	6	3	10	18	26	35	42	48	53	58	62	65	69	74	76	79	82	86	90	92	94	6	2001	2001		
2000	7	5	11	18	26	33	40	46	51	55	59	63	69	71	75	79	83	88	91	93	7	2000	2000			
1999	8	1	7	12	19	26	32	39	44	49	53	57	64	67	72	76	80	86	90	92	8	1999	1999			
1998	9	3	8	13	19	26	32	38	43	48	52	59	62	68	72	77	84	88	91	9	1998	1998				
1997	10	4	10	14	20	25	31	37	42	46	54	58	64	68	74	82	86	90	10	1997	1997					
1996	11	1	6	11	15	21	26	31	36	41	49	53	60	65	71	79	85	89	11	1996	1996					
1995	12	3	8	12	16	21	26	31	36	45	48	55	61	68	77	83	87	12	1995	1995						
1994	13	4	9	13	17	22	26	31	40	44	51	58	65	75	81	86	13	1994	1994							
1993	14	2	6	10	13	17	22	27	35	39	47	54	62	72	79	85	14	1993	1993							
1992	15	3	7	11	14	18	23	31	35	43	50	59	70	78	83	15	1992	1992								
1991	16	1	5	8	12	15	19	27	31	39	46	56	67	76	82	16	1991	1991								
1990	17	2	6	9	12	16	24	28	36	43	52	65	74	80	17	1990	1990									
1989	18	4	7	10	14	20	24	32	39	49	62	72	79	18	1989	1989										
1988	19	1	5	8	11	17	21	29	36	46	60	70	77	19	1988	1988										
1987	20	2	6	9	15	18	25	32	43	57	67	75	20	1987	1987											
1986	21	4	7	13	16	23	29	40	54	65	74	21	1986	1986												
1985	22	2	5	11	14	20	27	37	51	63	72	22	1985	1985												
1984	23	3	9	11	18	24	34	49	61	70	23	1984	1984													
1983	24	1	7	10	16	21	31	46	59	68	24	1983	1983													
1982	25	5	8	14	19	28	43	56	66	25	1982	1982														
1981	26	3	6	12	17	26	41	54	65	26	1981	1981														
1980	27	1	5	10	15	23	38	52	63	27	1980	1980														
1979	28	2	9	13	21	36	49	61	28	1979	1979															
1978	29	1	7	11	19	33	47	59	29	1978	1978															
1977	30	5	10	18	31	44	57	30	1977	1977																
1976	31	3	8	16	29	42	54	31	1976	1976																
1975	32	2	7	15	26	40	53	32	1975	1975																
1974	33	5	13	25	38	50	33	1974	1974																	
1973	34	3	12	23	36	49	34	1973	1973																	
1972	35	2	10	21	34	46	35	1972	1972																	
1971	36	8	20	31	44	36	1971	1971	1971																	
1970	37	6	18	29	42	37	1970	1970	1970																	
1969	38	5	16	28	41	38	1969	1969	1969																	
1968	39	3	16	26	38	39	1968	1968	1968																	

NO MINIMUM PERCENT GOOD INTENDED

TABLE 5: CONSTRUCTION MOBILE EQUIPMENT PERCENT GOOD FACTORS

Year Acquired	Age	CONSTRUCTION MOBILE EQUIPMENT		
		New	Used	Average*
2006	1	74	91	83
2005	2	66	81	74
2004	3	60	74	67
2003	4	55	68	62
2002	5	51	62	57
2001	6	47	58	53
2000	7	42	52	47
1999	8	38	47	43
1998	9	35	43	39
1997	10	31	38	35
1996	11	28	34	31
1995	12	26	32	29
1994	13	24	29	27
1993	14	22	27	25
1992	15	20	25	23
1991	16	19	23	21
1990	17	16	20	18
1989	18	13	17	15
1988	19	12	13	13
1987	20	11	11	11
1986	21		9	

NO MINIMUM PERCENT GOOD INTENDED

USE OF TABLE 5

The percent good table is designed to assist the appraiser in determining total loss of value once reproduction cost new (RCN) has been determined for the captioned equipment.

The table, derived from used equipment sales data, identifies a pattern of depreciation for construction mobile equipment. The column labeled "new" should be used to measure depreciation if the subject property was acquired new; conversely, the column labeled "used" should be applied when the equipment was purchased used. In cases where the taxpayer does not indicate if the property was first acquired new or first acquired used, Table 5 provides an average of the new and used factors. The "new" and "used" factors may not be averaged unless the taxpayer does not indicate if the property was first acquired new or first acquired used.¹⁰

*Starting with the 2005 lien date, average factors were provided to reflect the provisions of section 401.16 as to use of average percent good factors.

¹⁰ Section 401.16.

TABLE 6: AGRICULTURAL MOBILE EQUIPMENT PERCENT GOOD FACTORS

Year Acquired	Age	AGRICULTURAL MOBILE EQUIPMENT						Age
		EXCEPT HARVESTERS			HARVESTERS			
		New	Used	Average*	New	Used	Average*	
2006	1	78	92	85	74	90	82	1
2005	2	70	82	76	64	78	71	2
2004	3	64	75	70	57	69	63	3
2003	4	58	68	63	50	60	55	4
2002	5	52	62	57	43	53	48	5
2001	6	47	56	52	38	46	42	6
2000	7	42	50	46	33	40	37	7
1999	8	38	45	42	29	35	32	8
1998	9	34	40	37	25	30	28	9
1997	10	30	36	33	21	26	24	10
1996	11	27	32	30	19	23	21	11
1995	12	25	30	28	17	21	19	12
1994	13	23	28	26	15	18	17	13
1993	14	22	26	24		16		14
1992	15	20	23	22		14		15
1991	16	18	21	20		14		16
1990	17		19					17
1989	18		17					18

NO MINIMUM PERCENT GOOD INTENDED

USE OF TABLE 6

The percent good table is designed to assist the appraiser in determining total loss of value once reproduction cost new (RCN) has been determined for the captioned equipment.

The table, derived from used equipment sales data, identifies a pattern of depreciation for two groups of equipment. Within each group, three columns of percent good figures "new," "used," and "average" are listed. The column labeled "new" should be used to measure depreciation if the subject property was acquired new; conversely, the column labeled "used" should be applied when the equipment was purchased used. In cases where the taxpayer does not indicate if the property was first acquired new or first acquired used, Table 6 provides an average of the new and used factors. The "new" and "used" factors may not be averaged unless the taxpayer does not indicate if the property was first acquired new or first acquired used.¹¹

*Starting with the 2005 lien date, average factors were provided to reflect the provisions of section 401.16 as to use of average percent good factors.

¹¹ Section 401.16.

TABLE 7: COMPUTER VALUATION FACTORS

Year Acquired	Age	PERSONAL COMPUTERS (\$25,000 or less)	MID-RANGE COMPUTERS (\$25,000.01 to \$500,000)	MAINFRAME COMPUTERS (\$500,000.01 or more)
2006	1	66	73	79
2005	2	39	47	54
2004	3	24	30	35
2003	4	15	19	22
2002	5	10	12	14
2001	6	6	8	9
2000	7	4	5	6
1999	8	2	3	4
1998	9	2	2	2

USE OF TABLE 7

Computer valuation tables were originally developed by the Board in 1995, and amended in 1997, by analyzing resale values of personal, mid-range, and mainframe computers as compared to original costs.¹² These factors are intended to be applied directly to historical costs of non-production computers. Non-production computers are computers, including related equipment, designed for general business purposes. Non-production computers do not include computers embedded in machinery and do not include equipment or computers specifically designed for use in any other application directly related to manufacturing. No estimates of economic lives are stated or implied, since the tables were not derived by analyzing price indexes and economic life patterns.

¹² Prior to January 2000, computer valuation tables were distributed via Letter To Assessors. For more information regarding the original study and development of these factors, please refer to Letters To Assessors 97/18, 96/27, and 96/19.